THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI DILIP RAY): (a) Yes, Sir.

(b) The main factors behind SAIL not being able to neutralise the input cost escalation include *inter-alia:*

(i) Slow down in demand for steel;

(ii) Greater competition from imports arising due to lower international prices and enhancement in supplies in domestic market resulting in lower net sales realisation thereby lowering the margins;

(iii) The benefits of modernisation have not been achieved fully because level of production could not be raised to the designed capacity on account of market condition, although the techno-economic parameters have been achieved;

(iv) Higher interest and depreciation cost, due to capitalisation of modernisation and other capital schemes; and

(v) High manpower cost.

(c) Government is in constant dialogue with SAIL and is periodically reviewing their performance with a view to increasing their competitiveness and efficiency. Accordingly, to check losses and improve the financial health of SAIL, the Company has drawn up a comprehensive financial and business restructuring plan.

Vizag Steel Plant

1197. SHRI C. RAMACHANDRAIAH: Will the Minister of STEEL be pleased to state:

(a) whether the Vizag Steel Plant has submitted any proposal for waiver of losses or convertion of losses into equity;

(b) if so, what is the reaction of Government with regard to the proposal; and

(c) what are the measures Government are contemplating to put better use of the modern technology available in the plant?

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI DILIP RAY): (a) Rashtriya Ispat Nigam Limited (RINL), Visakhapatnam Steel Plant (VSP) had submitted a comprehensive

turn around proposal for its revival which *inter-alia* included waiver of losses.

(b) and (c) The said proposal is presently under the consideration of the Government and no decision has yet been taken on this matter.

Heavy losses in Steel Industry

1198. MISS MABEL REBELLO: Will the Minister of STEEL be pleased to state:

(a) whether steel industry is incurring heavy losses for the last two years and all our steel plants are in bad shape after the globalisation policy;

(b) whether Government have any plan to rectify the situation and help the steel plants to come out of the financial crisis;

(c) whether the technology of our plants are out-dated;

(d) what makes our steel internationally incompetitive, despite having our own iron ore, cheap manpower, technocrats etc; and

(e) whether Government are offering any incentives to the steel industry?

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI DILIP RAY): (a) Indian Iron and Steel industry has been passing through a difficult phase in the last two years. The difficulties were caused by slow down in the growth of domestic demand, cheap imports from CIS and other countries due to fall in international price and increase in inputs costs. As a result of the above, capacity utilisation came down and most of the producers reported losses or decrease in profits.

(b) and (e) Government have taken the following steps to overcome the crisis faced by the steel industry:—

(i) Government has imposed anti-dumping on hot rolled coils, hot rolled strips/sheets/plates and boiler quality plates, imported from Russia and Ukraine on 27.11.1998.

(ii) Government has announced floor prices for import of certain finished steel items including seconds and defectives in December, 1998 to restrict their imports at very low prices.